

WHAT OTHER STATES ARE DOING

The tolling option spreads

By C. Kenneth Orski

Virtually every week brings fresh evidence that highway tolling and private financing are gaining new converts among governors and state transportation officials, in legislatures and in the media. Growing transportation budget shortfalls, eroding value of highway tax revenues and a supportive federal policy toward tolling and public-private partnerships have helped to nurture the idea. Fanning its spread are visions of highway projects built entirely with private funds and prospects of multibillion-dollar concessionary cash payments that could jump start ambitious transportation improvements years in advance of their planned execution.

Consider the following evidence, just since the beginning of this year:

Jan. 5: California Gov. Arnold Schwarzenegger proposes a 10-year Strategic Growth Plan for transportation and other public sectors. A proposed \$107 billion investment program in transportation infrastructure includes authority to enter into comprehensive development-lease agreements with private consortiums for construction of toll facilities. Implementing legislation is introduced in the State Assembly.

Jan. 6: The Federal Highway Administration issues Federal Register Notices announcing opportunities for participation in new congressionally authorized tolling and pricing programs. By mid-February, 40 expressions of interest have been received.

Jan. 11: The Metropolitan Washington Council of Governments receives a federal grant to study a network of express toll lanes in the National Capital Region. This follows a decision by the governors of Virginia and Maryland to consider adding express toll lanes to the region's roads.

Jan. 17: The Texas Department of Transportation announces the launching of the next generation of public-private partnership projects known as Comprehensive Development Agreements. A Texas DOT workshop launching the new initiative attracts more than 400. Texas policy is to use tolls and private funds rather than tax dollars as the primary means of financing future highway expansion.

Jan. 17: The Washington State Transportation Commission recommends adoption of a statewide tolling and pricing policy to provide a supplementary source of funding for new highway projects and to facilitate management of the state's highway system.

Jan. 23: Indiana's Gov. Mitch Daniels announces a winning bid of \$3.8 billion for the concession and lease of the Indiana Toll Road. The cash from the transaction will be used for an ambitious program of highway improvements throughout the state. Legislative approval is expected by the end of February.

Jan. 25: Harris County (Texas) commissioners announce they have agreed to study the sale or long-term lease of the 83-mile system of the Harris County toll roads, a deal that could bring as much as \$7 billion.

Week of Jan. 30: Indiana's decision to lease its Toll Road to a private consortium is provoking similar thoughts in Kansas and Ohio. Illinois state legislators and business leaders call for lifting the state ban on private financing initiatives to help fund new transportation projects such as the western access to O'Hare International Airport. The New York State Department of Transportation announces a March 8 seminar to consider opportunities for innovative financing strategies and tolling concessions.

Jan. 26: The South Carolina legislature passes a law authorizing collection of tolls to finance construction and operation of I-73, a new 45-mile highway connecting I-95 with the Atlantic Coast resorts through the recently built Conway Bypass. This is one of seven toll projects planned by the state Turnpike Authority.

Feb. 6: The U.S. Department of Transportation proposes in its fiscal year 2007 budget an ambitious \$100 million pilot program to demonstrate area-wide variable tolling and mileage-charging systems. The projects would be conducted on a larger scale than any project to date in the U.S.

Feb. 8: A bill authorizing Utah's Department of Transportation to enter into public-private partnerships to build new toll roads nears approval by the state legislature.

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